

MEMORANDUM

THE WHITE HOUSE

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: Dr. Henry A. Kissinger, Secretary of State  
and Assistant to the President for National  
Security Affairs  
Senator Dewey F. Bartlett (Oklahoma)  
Senator Paul J. Fannin (Arizona)  
Senator Clifford P. Hansen (Wyoming)  
William Timmons, Assistant to the President for  
Congressional Affairs  
Brent Scowcroft, Deputy Assistant to the President  
for National Security Affairs  
David Stang, Staff  
Harrison Loesch, Staff

DATE: January 10, 1974

PLACE: Secretary's Office  
Department of State

SUBJECT: Congressional Trip to the Middle East

MAY CONTAIN CONGRESSIONAL  
MATERIAL

Kissinger: On Iran. They are supportive and a good friend. We are unhappy about the price rise. You could say it might produce a reaction in which they would be hit.

I have seen innumerable groups on the Middle East. The Arabs are very attractive and even have a good case.

Originally, we can't compete with Europe and Japan, we can't commit the Israelis that fast. The Arabs know we are the only ones who can deliver.

Faisal has a standard speech -- Palestine and Jerusalem. It's a good speech but can't be done quickly.

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Take Israel. The Government has to have the Religious Party in the coalition. The easy part is Sinai and the hard part is the other parts. What the Arabs have to hear is we are breaking our backs. The danger is the people are going there blaming the people back in Washington. We will go back and tell them how things really are.

We must tell them what is really true -- everything which the Arabs have got has been through us. No one else can deliver.

I don't agree with their point of view. What they must know is we are doing our best, but we can't continue to do it under blackmail.

What is undoable now is progress in Palestine and Jerusalem -- especially Jerusalem. It may be in a year or 18 months. I told Faisal we promise less but we deliver what we promise. Right now I can't promise on Jerusalem. What confuses him is people who tell him he is right and they will go back to convince the dopes in Washington.

Stang: What say about refugees and upcoming conference?

Kissinger: We say rights of the Palestinian refugees must be taken into account. What that means is unclear. There are several factions among the Palestinians. We are not anti-Palestinian, but we think it's premature to get them involved right now.

I always tell the Arabs the truth -- what is totally possible, rather than contribute to their tendency toward euphoria. What they must realize is that OPEC is perpetrating an economic revolution. They will wipe out the balance of payments surpluses of the industrialized world -- except us. We will benefit relatively. Economic aid will be wiped out. The underdeveloped countries will have deficit of \$29 billion. Our aid bill will increase \$10 billion. The OPEC countries will have surplus of \$65 billion in one year. They can't expect they can change the world economy without any thought or discussion.

The purpose of the Energy Conference is to define the nature of the problem and discuss a number of areas -- conservation, new sources, the impact on the economy, and to prepare for a meeting with the producers. If OPEC produces a recession, they will have nothing to buy or their currency will be depreciated. They can produce an economic crisis. Last year, a \$4 billion shift produced the run on the dollar. That they didn't even intend. Now suppose they adopt a strategy of drawing \$10 billion one day. They can break the dollar.

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Fannin: How about food and trade problems and boycotts?

Kissinger: I wouldn't be specific, but you could say we couldn't continue to let this go on. They really are afraid of the CIA -- they overestimate its capability! We couldn't bring it off. But don't look soft and pleading -- we can't leave the world at the mercy of 20 million Bedouins. We are a great country. They simply happen to have scarce resources.

Fannin: They have to be told we have alternatives.

Kissinger: Tell them we have been evenhanded. Everything that has been done has been done by us.

Will you see Sadat? I will recommend it. But if you tell him, remember that Arabs are great talkers and leakers. Their administration is idiotic; it will be disastrous. If you say we can't continue to help if the American people are suffering as a result of oil blackmail.

Stang: What do we say about American suffering?

Kissinger: If we have to explain that the American people's hardships are being caused by blackmail....

You could tell Sadat I think he is a great statesman.

Bartlett: We have to tell them that both sides must make concessions. Neither side can win totally.

Kissinger: That is right. I think there is no chance of a return to the '67 borders. I don't tell the Arabs that -- I am worried about the first 50 miles. I wouldn't discuss a final settlement.

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